



Comprehensive Housing Strategy Status Report

Department of Community Development

April 14, 2014

Executive Summary

The three primary goals of the City's Housing Strategy are "Neighborhood Revitalization", "Special Needs Housing and Homelessness" and "Affordability". Accordingly, this report not only provides a status of the achievements towards achieving those goals but also a projection of future activities over the coming five years. This report is meant to serve as a companion document to the Five Year Resource projection which provides the associated budgetary detail.

Implementation of activities to achieve the three goals is guided by the objectives and policies approved by City Council in the Housing Element of the City's Comprehensive Plan. For example, among the policies guiding neighborhood revitalization are "mixed-income", "catalytic components" and "walkability, connectivity and "sustainability". Similarly, policies governing efforts to combat homelessness include "priority for permanent housing" and "prevention".

Southside Revitalization Project and Future Projects

The update recaps the very significant front-end activities (acquisition, relocation and demolition) necessary to have the critical mass or "footprint" required to undertake catalytic components which have now poised the Southside project for success. Looking ahead to future neighborhood revitalization efforts, it is important to keep in mind that similar front-end efforts may be required before construction. In the Southside project, those front-end activities have also included large-scale site preparation and infrastructure improvements.

For the next two fiscal years, completing all remaining infrastructure improvements on the Rolling Hills site and the site preparation and infrastructure improvements associated with the redevelopment of the Beamon/Piedmont assemblage for homeownership will be a priority. The yearly projected accomplishments provide a timeline for when the rental or homeownership development dependent on those activities will occur. A timeline for re-purposing of the Whitted School is also provided.

As indicated in the accomplishment listing, the draft plan for the Southeast Central Durham (McDougald Terrace) project area must be submitted to HUD this spring and the final plan must be submitted later in the year. Accordingly, a new general fund (DFS) activity is proposed beginning in FY 15-16 titled "Neighborhood Revitalization". Dedicated Housing Funds for this activity are supplemented with CDBG and HOME funds beginning in FY 16-17. (A map of the project area is attached.) In addition to activities within the project area itself, acquisition or other activities near the adjacent Alston Avenue station area are possible.

As the Southeast Central Durham plan evolves from a vision to an implementation strategy, it is important for the City to be an active partner so that expectations as to available resources are realistic. It is also important to ensure that as tenants are relocated from McDougald Terrace, it is accomplished in a manner that does not result in a replication of concentrated poverty.

Special Needs Housing and Homelessness

FY 14-15 will see the long-awaited completion of CASA's Denson Apartments for Veterans (11 units) and DVI's Goley Pointe project (12 units). It is also anticipated that CASA will commence construction of Denson Phase 2 (12 units) during the year.

Reflecting the projected eligibility for matching funds from NCHFA, the funding plan suggests increasing the DFS funding for permanent housing to \$500,000 in FY15-16 and combining that with fund balance in soliciting project proposals. The funding level would drop back to \$250,000 in FY 16-17, to be combined with an equal amount in FY 17-18 when Durham would again be eligible for matching funds from NCHFA.

As noted in the report, funds made available for rapid re-housing have been well utilized and extremely effective. The funding plan suggests holding the funding level constant at \$200,000 annually during the five-year planning period.

Affordability

FY 14-15 is projected to be a high production year in terms of the number of affordable rental units created or preserved. In addition to a renovated Preiss-Steele place coming back on line, the funding plan includes needed capital improvements to a substantial number of existing affordable rental developments to keep those properties in a good state of repair.

In FY 15-16, the "Vermillion" will add 60 rental units for families to the affordable housing stock. The funding plan does not provide for competitive funds associated with LIHTC projects in that year to avoid a conflict with the MBS application for the LIHTC for its second phase of rental development in Southside. In subsequent years, match/gap financing for LIHTC projects is restored.

Also beginning in FY 15-16, the plan suggests replacing "NECD and SWCD Housing Development" with "Small Projects Development Program" as a DFS-funded activity. The intent of the NECD and SWCD funding was largely to complete the development of properties previously acquired or otherwise assisted with CDBG, HOME or NSP funds. That "inventory" of properties will be essentially completed in FY 14-15. The intent of

the new Small Projects Development Program is twofold: First, it recognizes that to keep non-profits such as Habitat for Humanity and others viable and operating at their optimal capacity, funds for homebuyer assistance or in some cases, acquisition or cost write-downs are required. Second, while the “inventory” properties in SWCD have largely been absorbed, there are 18 properties held in the SWCD Land Bank acquired with funds loaned to the Land Bank by Duke University.

The funding plan maintains funding for Urgent Repairs at the same level. That program serves approximately 25 elderly or disabled homeowners annually with repairs that are essential to health or safety or with handicap accommodations to allow them to remain in their homes.

Goal 3.4. Urban, Compact Neighborhood and Downtown Tier Revitalization

Objective 3.4.1. Strategic Neighborhood Revitalization Plans

- Policy 3.4.1a. Target Area Designation
- Policy 3.4.1b. Evaluate Existing Plans
- Policy 3.4.1c. Develop Plans for Newly Designated Target Areas
- Policy 3.4.1d. Establish Priorities and Funding Plan

Objective 3.4.2. Incorporate Appropriate Revitalization Principles

- Policy 3.4.2a. Mixed Income
- Policy 3.4.2b. Mix of Uses
- Policy 3.4.2c. Density
- Policy 3.4.2d. Design Standards
- Policy 3.4.2e. Public/Private Partnerships
- Policy 3.4.2f. Catalytic Components
- Policy 3.4.2g. Walkability, Connectivity and Sustainability

Southside Revitalization Project and Future Projects

Accomplishments to Date

- 124 properties acquired, 41 tenants and homeowners relocated and 121 structures demolished. This critical mass or “footprint” represents the primary basis of the revitalization effort aimed at attracting long term private investment.
- Grading of former Rolling Hills site complete and storm water facility for entire site in place.
- Public infrastructure complete necessary to serve the first phase of rental development.
- Seven homeowners provided with housing rehabilitation assistance (100% of those requesting assistance).
- Southside Neighborhood Association membership expanded to include additional neighborhood residents.
- Resident education and training programs completed and youth leadership program on-going.
- Real estate advisory services procured to guide and position homeownership development within the market place.
- Homebuilders selected and Southside successfully marketed as a downtown neighborhood attracting both moderate-income and market rate buyers.

Projected FY 13/14 Accomplishments

- Completion of site prep and infrastructure improvements associated within initial 48 homeownership units.
- Completion and sale of approximately 15 homeownership units.
- Completion of 132-unit rental project by MBS (80 affordable at varying levels, 39 market rate and 13 live-work). (Building 2 – 31 units delayed.)
- Begin design development and the preparation of construction documents for the redevelopment of the Beamon/Piedmont assemblage for single-family homes.
- Complete replacement housing for one Southside homeowner whose home cannot be rehabilitated and initiate replacement housing for one additional homeowner.
- Draft plan completed for Southeast Central Durham (McDougald Terrace) revitalization project (see project area map attached).

Projected FY 14/15 Accomplishments

- Construction and sale of an additional 16-24 homeownership units.
- Complete site prep and infrastructure improvements associated with homeownership development on the Beamon/Piedmont assemblage.
- Completion of Piedmont Rentals project (9 affordable rental units including 4 units at 30% AMI).
- Award of LIHTC to the Whitted School project (79 elderly units).
- Complete the re-zoning of the balance of the former Rolling Hills site.
- Design and begin site prep and infrastructure improvements associated with second phase of mixed-income rental units by MBS (approximately 79 units) and future development blocks on the former Rolling Hills site.
- Complete third replacement home/relocation for Southside homeowner.
- Final plan completed for Southeast Central Durham (McDougald Terrace) revitalization project.

Projected FY 15/16 Accomplishments/Programmatic Proposals

- Award of LIHTC to second phase of MBS rental.
- Completion of infrastructure improvements on the former Rolling Hills site.
- Completion of the Whitted School project.
- Complete Phase 1 homeownership sales and begin Beamon/Piedmont homeownership sales.
- Create “Neighborhood Revitalization” as a DFS activity capitalized by approximately \$1 million in funding. Begin planning implementation components of future revitalization efforts with likely candidates being the Southeast Central Durham (McDougald Terrace) project area or the Alston Avenue station area.

Projected FY 16/17 Accomplishments

- Completion of second phase of MBS rental.
- Completion of remaining infrastructure on the former Rolling Hills site.
- Fund “Neighborhood Revitalization” at approximately \$650,000 level and refine plans or begin initial implementation.

Projected FY 17/18 Accomplishments

- Continue “Neighborhood Revitalization” funding at approximately the same level and supplement with CDBG and HOME funds.

Projected FY 18/19 Accomplishments

- Continue “Neighborhood Revitalization” funding at approximately the same level and supplement with CDBG and HOME funds. Complete incremental activities as funds allow.

Goal 3.2. Special Needs Housing and Goal 3.3. Homelessness

Objective 3.2.1. Special Needs Housing

- Policy 3.2.1a. Supportive Services for Special Needs Populations

Objective 3.3.1. Durham Opening Doors Initiative

- Policy 3.3.1a. Priority for Permanent Housing
- Policy 3.3.1b. Economic Sustainability
- Policy 3.3.1c. Mainstreaming
- Policy 3.3.1d. Prevention

Projected FY 13/14 Accomplishments

- Through the third quarter, assistance provided resulted in preventing 37 households from becoming homeless and re-housed 60 households who had become homeless.
- Construction initiated on CASA’s Denson Apartments for Veterans Phase 1 (11 units) and DVI’s Goley Pointe project (12 units).
- Approval of funding for CASA’s Denson Apartments for Veterans Phase 2 (12 units).

Projected FY 14/15 Accomplishments

- Continue re-housing efforts.
- CASA's Denson Apartments for Veterans Phase 1 and DVI's Goley Pointe projects complete and occupied (23 total units).
- Construction initiated on CASA's Denson Apartments for Veterans Phase 2.

Projected FY 15/16 Accomplishments/Programmatic Proposals

- Continue prevention and re-housing efforts.
- CASA's Denson Apartments for Veterans Phase 2 complete and occupied.
- Increase DFS annual funding from \$250,000 to \$500,000 (plus fund balance) and solicit competitive project proposals for the creation of additional units. Durham should be competitively positioned for NCHFA matching funds (up to \$500,000) in that fiscal year. With NCHFA funding, approximately 12 units would be produced.

Projected FY 16/17 Accomplishments/Programmatic Proposals

- Continue prevention and re-housing efforts.
- Restore DFS funding to the \$250,000 level but do not seek applications.

Projected FY 17/18 Accomplishments/Programmatic Proposals

- Continue prevention and re-housing efforts.
- Solicit competitive project proposals for \$500,000 (plus fund balance) in DFS funding. Durham should again be competitively positioned for matching NCHFA funding.

Projected FY 18/19 Accomplishments/Programmatic Proposals

- Continue prevention and re-housing efforts.
- Maintain DFS funding at the \$250,000 level but do not seek applications.

Goal 3.1. Affordability

Objective 3.1.1. Affordable Housing Enhancements

- Policy 3.1.1a. Density Bonus
- Policy 3.1.1b. Inclusionary Zoning
- Policy 3.1.1c. Public-Private Partnerships for Affordable Housing
- Policy 3.1.1d. Energy Efficient Housing with City Funds

Objective 3.1.2. Homeownership

- Policy 3.1.2a. First-Time Homebuyers
- Policy 3.1.2b. Assistance to Homebuyers
- Policy 3.1.2c. Housing Rehabilitation Assistance
- Policy 3.1.2d. Housing Education and Counseling

Objective 3.1.3. Rental Housing

- Policy 3.1.3a. Loans for Rental Housing Rehabilitation
- Policy 3.1.3b. Leveraging of Available Funds for Affordable Housing
- Policy 3.1.3c. Affordable Rental Housing Location Policy
- Policy 3.1.3d. Subsidized Housing Location.

Objective 3.1.4. Rental Assistance

- Policy 3.1.4a. Rental Housing Assistance (DHA)

Objective 3.1.5. Durham Housing Authority

- Policy 3.1.5a. Mixed-Income Rental Communities

Projected FY 13/14 Accomplishments

- 12 renovated or newly constructed homes by Habitat in NECD and SWCD (with second mortgage loans from the City).
- Preservation Durham award to Habitat for work in the East Durham Historic District.
- 4 renovated rental units and one remaining homeownership unit offered for sale by DCLT in SWCD.
- Construction initiated on 8 affordable rental units (non-special needs) by DVI in its Goley Pointe project.
- Renovations initiated to preserve 82 affordable rental units serving elderly in DVI's Preiss-Steele Place project.
- LIHTC awarded to Workforce Homestead, Inc. for the Vermillion (60 affordable family rental units).
- Urgent Repairs completed on the homes of 45 low income elderly or disabled homeowners.

Projected FY 14/15 Accomplishments

- Goley Pointe project completed and occupied (8 units).
- Preiss-Steele Place completed and occupied (82 units).
- 30 affordable rental units preserved in SWCD by DCLT.

- 2 new affordable rental units created in SWCD by DCLT.
- 10 owner-occupied properties repaired in SWCD by DCLT.
- 47 affordable rental units preserved by Woodland Associates.
- Urgent Repairs completed on the homes of 25 low-income elderly or disabled homeowners.

Projected FY 15/16 Accomplishments/Programmatic Proposals

- Replace “NECD and SWCD Housing Development” with “Small Projects Development Program” and increase funding to \$500,000. This program will ensure that Habitat for Humanity and other non-profits and for profits are able to continue affordable housing development (approx. 20 units).
- Vermillion complete and occupied (60 units).
- Do not advertise the availability of LIHTC match funds to avoid conflicts with MBS Phase 2 project.
- Urgent Repairs completed on the homes of 25 low-income elderly or disabled homeowners.

Projected FY16/17 Accomplishments/Programmatic Proposals

- Continue “Small Projects Development Program” at \$500,000 level.
- Solicit competitive applications for LIHTC local funding at the \$750,000 level.
- Urgent Repairs completed on the homes of 25 low-income elderly or disabled homeowners.

Projected FY 17/18 Accomplishments/Programmatic Proposals

- Continue “Small Projects Development Program” at \$500,000 level.
- Solicit competitive applications for LIHTC local funding at the \$750,000 level.
- Urgent Repairs completed on the homes of 25 low-income elderly or disabled homeowners.

Projected FY 18/19 Accomplishments/Programmatic Proposals

- Continue “Small Projects Development Program” at \$500,000 level.
- Solicit competitive applications for LIHTC local funding at the \$750,000 level. (Project could potentially be a neighborhood revitalization activity instead.)
- Urgent Repairs completed on the homes of 25 low-income elderly or disabled homeowners.

